

**Senate File 387 - Introduced**

SENATE FILE 387  
BY COMMITTEE ON ECONOMIC  
GROWTH/REBUILD IOWA

(SUCCESSOR TO SF 145)

**A BILL FOR**

1 An Act providing for a manufacturing jobs program and including  
2 retroactive applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

MANUFACTURING JOBS PROGRAM

Section 1. NEW SECTION. 15.321 **Short title.**

This part shall be known and may be cited as the "*Manufacturing Jobs Program*".

Sec. 2. NEW SECTION. 15.322 **Definitions.**

1. "*Capital investment*" means expenditures that are made by an eligible manufacturer to retool or reconfigure a facility and that are directly related to the manufacturing of a new product or to the expansion of production capacity for an existing product.

2. "*Department*" means the department of economic development.

3. "*Eligible manufacturer*" means a manufacturer meeting the requirements of section 15.323.

4. "*Facility*" means a building or other structure at which an eligible manufacturer manufactures a product.

5. "*Program*" means the manufacturing jobs program established pursuant to this part.

Sec. 3. NEW SECTION. 15.323 **Eligible manufacturer.**

1. To be eligible to receive incentives under the program described in this part, a manufacturer shall meet all of the following conditions:

- a. Be an Iowa-based business manufacturing goods at a facility in Iowa.
- b. Have a North American industry classification system code within the manufacturing sector range 31-33.
- c. Increase manufacturing activities in the state either by manufacturing a new product or by expanding production capacity for an existing product.
- d. Make a minimum capital investment. For purposes of this paragraph, the amount of the minimum capital investment shall be:
  - (1) Twenty-five thousand dollars per job, in the case of a new product.

1 (2) Fifteen thousand dollars per job, in the case of  
2 expanded capacity for an existing product.

3 e. Meet all of the requirements of an eligible business  
4 under section 15.329 except the qualifying investment amount in  
5 section 15.329, subsection 1, paragraph "a".

6 2. A manufacturer receiving assistance under this part  
7 shall not be eligible for assistance under the high quality  
8 jobs program described in part 13 of this subchapter.

9 Sec. 4. NEW SECTION. 15.324 **Agreement.**

10 1. An eligible manufacturer receiving financial assistance  
11 under the program shall enter into an agreement with the  
12 department specifying the requirements that must be met to  
13 confirm eligibility pursuant to this part.

14 2. An agreement entered into under the program shall conform  
15 to the minimum requirements specified in section 15.330.

16 Sec. 5. NEW SECTION. 15.325 **Manufacturing activities tax**  
17 **credit.**

18 1. a. An eligible manufacturer may claim a tax credit  
19 against the taxes imposed in chapter 422, division II or  
20 III equal to one hundred percent of the amount of capital  
21 investment directly related to increasing manufacturing  
22 activities in the state.

23 b. An individual may claim the tax credit under this  
24 subsection of a partnership, limited liability company,  
25 S corporation, estate, or trust electing to have income  
26 taxed directly to the individual. The amount claimed by the  
27 individual shall be based upon the pro rata share of the  
28 individual's earnings from the partnership, limited liability  
29 company, S corporation, estate, or trust.

30 c. Any tax credit in excess of the tax liability for the tax  
31 year may be credited to the tax liability for the following ten  
32 years or until depleted, whichever occurs first.

33 d. (1) Subject to prior approval by the department, in  
34 consultation with the department of revenue, an eligible  
35 manufacturer may elect to receive a refund of all or a portion

1 of any unused tax credit in excess of the tax liability.

2 (2) If the eligible manufacturer is a partnership, S  
3 corporation, limited liability company, or estate or trust  
4 electing to have the income taxed directly to the individual,  
5 an individual may claim the refund allowed under subparagraph  
6 (1). The amount claimed by the individual shall be based  
7 upon the pro rata share of the individual's earnings of the  
8 partnership, S corporation, limited liability company, estate,  
9 or trust.

10 2. a. An eligible manufacturer shall apply to the  
11 department of economic development for a tax credit  
12 certificate. After reviewing the application and verifying the  
13 eligibility of a taxpayer for a tax credit pursuant to this  
14 section, the department shall forward the application to the  
15 board with a recommendation on whether or not to issue a tax  
16 credit certificate to the taxpayer. If the board approves  
17 the application, the department shall issue a tax credit  
18 certificate to the taxpayer. The tax credit certificate shall  
19 contain the taxpayer's name, address, tax identification  
20 number, the amount of the credit, the certificate expiration  
21 date, and any other information required by the department of  
22 revenue.

23 b. To claim a tax credit under this section, a taxpayer must  
24 attach one or more tax credit certificates to the taxpayer's  
25 tax return. The tax credit certificate or certificates  
26 attached to the taxpayer's tax return shall be issued in the  
27 taxpayer's name, and the expiration date on the certificate  
28 shall be a date that falls on or after the last day of the  
29 taxable year for which the taxpayer is claiming the tax credit.

30 c. The tax credit certificate, unless otherwise void, shall  
31 be accepted by the department of revenue as payment for taxes  
32 imposed pursuant to chapter 422, division II or III, subject  
33 to any conditions or restrictions placed by the department  
34 of economic development upon the face of the tax credit  
35 certificate and subject to the limitations of this section.



1 manufacturing jobs program described in sections 15.321 through  
2 15.325A.

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EXPLANATION

4 This bill creates a manufacturing jobs program within the  
5 department of economic development.

6 Division I of the bill creates the program. The program  
7 provides corporate and individual income tax credits to  
8 eligible manufacturers for 100 percent of their capital  
9 investment directly related to increasing manufacturing  
10 activities in the state. To be eligible, a manufacturer must  
11 be an Iowa-based business manufacturing goods at a facility  
12 in Iowa, have a North American Industry Classification System  
13 code within the manufacturing sector range 31-33, increase  
14 manufacturing activities either by manufacturing a new  
15 product or by expanding production capacity for an existing  
16 product, make a minimum capital investment, and meet all the  
17 requirements of an eligible business under the high quality  
18 jobs program specified in Code section 15.329. Meeting the  
19 requirements of the high quality jobs program, by operation of  
20 law, requires a manufacturer to meet certain job creation and  
21 wage threshold requirements also required in that program and  
22 in the grow Iowa values fund and financial assistance program.  
23 A manufacturer receiving assistance under the manufacturing  
24 jobs program is not eligible for assistance under the high  
25 quality jobs program.

26 The division provides that the tax credits are available  
27 against the individual and corporate income taxes. The  
28 tax credits are refundable subject to the approval of the  
29 department of economic development or, at the taxpayer's  
30 election, may be carried forward against future tax liability  
31 for up to 10 years or until depleted, whichever occurs first.  
32 The tax credits are not transferable. The maximum amount  
33 of tax credit that an eligible manufacturer may claim is \$5  
34 million. The total amount of tax credits that may be approved  
35 under the program is \$15 million.

S.F. 387

1 The division applies retroactively to January 1, 2011, for  
2 tax years beginning on or after that date.

3 The program is repealed on December 31, 2020.

4 Division II of the bill adds the program to the list of  
5 tax credit programs to be reviewed in 2015 by the general  
6 assembly's tax expenditure committee.

7 The division also requires the economic development board  
8 to report annually on the assistance provided to eligible  
9 manufacturers under the program.